

Message Text

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47

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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P R 041431Z JAN 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC PRIORITY 2280

INFO ABU DHABI 011

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

S E C R E T LAGOS 0047

EXDIS

E.O. 11652 GDS

TAGS: ENGR

SUBJECT: OIL PRICES

REFS: A. JIDDA 0017, PARA 4

B. TEHRAN 0045, PARA 5

1. SUMMARY: REFTELS ARGUE THAT PRICE INCREASES BY NON-PERSIAN GULF PRODUCERS MAY APPEAR TO SAUDIS AND IRANIANS TO PRECLUDE RECONSIDERATION OF PERSIAN GULF INCREASES. HOWEVER, OTHER PRODUCERS HAVE IN FACT NOT RPT NOT FULLY MATCHED GULF INCREASES. IF NEW POSTED PRICE OF ARAB LIGHT WERE REDUCED 23 PERCENT, RATIOS TO NEW NIGERIAN, INDONESIAN AND VENEZULEAN PRICES WOULD BE APPROXIMATELY WHAT THEY WERE EARLIER IN DECEMBER. END SUMMARY.

2. NIGERIAN INCREASED POSTED PRICE ONLY 76 PERCENT, INDONESIA 80 PERCENT, VENEZUELA 82 PERCENT (CARACAS 0006), AND LIBYA 107 PERCENT, VS. PERSIAN GULF INCREASES OF 131 PERCENT. NEW POSTED PRICE OF ARAB LIGHT COULD THEREFORE BE REDUCED BY
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&1.219 (TO \$10.432) WITHOUT FALLING BELOW PREVIOUS RATIO OF LIBYAN POSTING AND COULD BE REDUCED BY \$2.651 (TO \$9.00) WITHOUT FALLING BELOW PREVIOUS RATIOS OF NIGERIAN, INDONESIAN, AND VENEZULEAN POSTINGS.

3. FOLLOWING TABLE INCORPORATES POSTING INCREASES TO DATE
(AND CORRECTS ERRONEOUS FIGURE FOR LIBYAN INCREASE HEARD ON
BBC AND USE IN LAGOS 0038). COLUMN (1) IS DECEMBER POSTED
OR TAX REFERENCE PRICE,
(2) RATIO OF DECEMBER 1 POSTING TO ARAB LIGHT,
(3) JANUARY 1 POSTED PRICE,
(4) RATIO OF JANUARY 1 POSTING TO ARAB LIGHT,
(5) DOLLAR INCREASE BETWEEN DECEMBER 1 AND JANUARY POSTINGS,
(6) PERCENTAGE INCREASE.

	1)	(2)	(3)	(4)	(5)	(6)
PERSIAN GULF	5.036	1.000	11.65	1.000	6.615	131.4
ARAB LIGHT)						
LIBYAN CRUDE	9.061	1.799	18.768	1.611	9.707	107.1
NIGERIAN CRUDE	8.339	1.656	14.69	1.261	6.351	76.2
INDONESIAN (SUMATRA LIGHT)	6.00	1.191	10.80	.927	4.80	80
AV. VENEZUELAN CRUDE/PRODUCTS	7.74	1.537	14.08	1.208	6.34	81.9

4. IF, FOR EXAMPLE, POSTING FOR ARAB LIGHT WERE NOW REDUCED FROM
\$11.561 TO \$9.00 (REPRESENTING GOVERNMENT TAKE OF \$5.40, A
23 PERCENT ROLL-BACK FROM \$7.00), EXISTING POSTINGS OF
NON-GULF PRODUCERS (EXCEPT LIBYA) WOULD BE IN ABOUT SAME
RELATIONSHIP ON PERCENTAGE BASIS AS IN DECEMBER. SPECIFICALLY,
POSTING FOR NIGERIAN CRUDE WOULD BE 1.632 TIMES POSTING
FOR ARAB LIGHT, INDONESIAN WOULD BE 1.200 TIMES,
AND VENEZUELAN WOULD BE 1.564 TIMES.
LIBYAN WOULD BE ONLY OIL OUT OF LINE OF 2.085 TIMES ARAB
LIGHT.

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5. FYI: \$22.60 MARKET PRICE NIGERIANS EXPECT RECEIVE FOR
ROYALTY AND PARTICIPATION CRUDE (SEE PREVIOUS TELEGRAMS)
HAS APPARENTLY NOT YET BECOME WIDELY KNOWN. NIGERIAN
NATIONAL OIL CORP OFFICIAL (UWAMU) CONFIRMED TO EMBOFF
JANUARY 3 THAT CONTRACTS ARE BEING SIGNED AT THIS PRICE AND
THAT LIFTINGS SHOULD BEGIN BEFORE END JANUARY. END FYI.
CROSBY

SECRET

<< END OF DOCUMENT >>

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